

**ANGLO-CANADIAN TELEPHONE
COMPANY**

*Sixth Annual
Report
1940*

PURVIS HALL
LIBRARIES

231 ST. JAMES STREET, WEST
MONTREAL

DEC 8 1945

McGILL UNIVERSITY

ANGLO-CANADIAN TELEPHONE COMPANY

231 St. James Street, West
MONTREAL

24th March, 1941.

TO THE STOCKHOLDERS:

There is submitted herewith on behalf of the Board of Directors, the Sixth Annual Report of the Anglo-Canadian Telephone Company covering the calendar year 1940.

Reference was made in our report for the year 1939 to the assets of the Company, including cash, which were under the control of the Foreign Exchange Control Board of Canada. All United States dollar cash on hand at 31st December, 1939, and all of that subsequently received by the Company has, in accordance with the regulations of the Control Board, been converted into Canadian currency. The profit on such conversion has been taken into income at the time of the conversion.

The Board of Directors of your Company join in the universal expression of sorrow and regret in the untimely end of the Honourable Gordon Wallace Scott, a highly respected member of this Board for some years, who met his death at sea while in the service of his country on 14th December, 1940.

We enclose herewith the annual report of the British Columbia Telephone Company, in which your Company has a substantial interest, together with the annual report of the Philippine Long Distance Telephone Company.

Submitted on behalf of the Board,

F. S. SPRING,

President.

TORONTO
HAMILTON
OTTAWA
WINNIPEG
CALGARY

RIDDELL, STEAD, GRAHAM & HUTCHISON

CHARTERED ACCOUNTANTS

ESTABLISHED 1859

CABLES ROSTED MONTREAL

EDMONTON
VANCOUVER
LONDON ENG.
EDINBURGH, SCOT.

AND REPRESENTING
ARTHUR ANDERSEN & CO.
CHICAGO - NEW YORK
AND BRANCHES

John Paterson, C.A.
Alastair A. Gowan, C.A.
H.D. Clapperton, C.A.
C.G. Wallace, C.A.
Gordon S. Small, C.A.
Malcolm J. McLeod, C.A.

460 ST. FRANCOIS XAVIER ST.

P.O. BOX 2398 PLACE D'ARMES

MONTREAL

TO THE SHAREHOLDERS

ANGLO-CANADIAN TELEPHONE COMPANY:

We have made an examination of the Balance Sheet as at 31st December, 1940, of Anglo-Canadian Telephone Company. In connection therewith, while we did not make a detailed audit of the transactions, we examined or tested accounting records of the Company and other supporting evidence and also made a general review of its accounting methods for the year ended 31st December, 1940.

We have not examined the accounts of all of the Company's subsidiary companies but have received and examined reports rendered by other independent auditors on the accounts of such companies not examined by us for the year ended 31st December, 1940, and have obtained information and explanations from officers and employees of the Company.

We report that we have obtained all the information and explanations we have required and that, in our opinion, based upon the examination referred to above and the reports of subsidiary companies rendered by other independent auditors, the accompanying Balance Sheet as at 31st December, 1940, is drawn up so as to exhibit a true and correct view of the state of the Company's affairs according to the best of our information and the explanations given to us, and as shown by the books of the Company.

RIDDELL, STEAD, GRAHAM & HUTCHISON,
Auditors.

MONTREAL, 10TH MARCH, 1941.

ANGLO-CANADIAN TELEPHONE COMPANY

(An Investment Company)

BALANCE SHEET

As at 31st December, 1940

ASSETS

INVESTMENTS AND LONG TERM ACCOUNT LESS RESERVE \$11,187,951.40

CURRENT ASSETS (See Note)

Cash on hand and in banks.....	\$444,773.10	
Dividends receivable.....	40,385.44	
Accrued interest.....	1,356.25	
Notes receivable.....	250,000.00	
Accounts receivable:		
Subsidiary companies.....	16,258.68	
		752,773.47
		<u>\$11,940,724.87</u>

LIABILITIES

CAPITAL STOCK

CUMULATIVE PREFERRED

Authorized—

150,000 shares—par value..... \$7,500,000.00

Issued and outstanding—

82,600 5½% Cumulative
Preferred shares..... \$4,130,000.00

CLASS A

Authorized—

850,000 shares—par value..... \$8,500,000.00

Issued and outstanding—

487,100 shares..... 4,871,000.00

DEFERRED

Authorized—

200,000 shares—par value..... \$2,000,000.00

Issued and outstanding—

200,000 shares..... 2,000,000.00

\$11,001,000.00

CURRENT LIABILITIES (See Note)

Accounts payable:

Subsidiary companies..... \$6,674.54
Other..... 1,801.10

\$ 8,475.64

Accrued taxes (including provision for Dominion and
Provincial taxes)..... 18,177.30

Dividends accrued (subsequently declared)..... 37,858.33

64,511.27

EMPLOYEES' BENEFIT FUND RESERVE.....

5,575.58

SURPLUS RESERVED

Amount reserved for general contingencies..... 125,000.00

SURPLUS (as per attached statement)..... 744,638.02

\$11,940,724.87

NOTE:

Current Assets include \$251,406.75 United States dollars at par (\$1.00) and Current Liabilities include \$1,674.54 United States dollars at par (\$1.00). If such United States dollar items were converted into Canadian dollars at the rate of \$1.10 (The Foreign Exchange Control Board's buying rate) as at 31st December, 1940, the net profit would have been \$24,973.22.

Approved on Behalf of the Board of Directors:

HUNTER L. GARY, Director

G. L. GRAWOLS, Director

This is the Balance Sheet referred to in our Report of this date.

RIDDELL, STEAD, GRAHAM & HUTCHISON,

Chartered Accountants,
Auditors.

MONTREAL, 10TH MARCH, 1941.

ANGLO-CANADIAN TELEPHONE COMPANY

(An Investment Company)

INCOME AND EXPENSE STATEMENT

For the Year Ended 31st December, 1940

INCOME

Dividends, Interest, Other Income and Exchange Realized (\$12,915.34) \$ 723,412.19

GENERAL AND ADMINISTRATIVE EXPENSE

Salaries, Directors' Fees, Legal and Miscellaneous Expenses.....	\$65,956.28	
Taxes, including provision for Dominion and Pro- vincial taxes.....	22,002.73	
		<u>87,959.01</u>

NET INCOME..... \$ 635,453.18

AMOUNT APPROPRIATED FOR GENERAL CONTINGENCIES 50,000.00

BALANCE OF INCOME..... \$ 585,453.18

STATEMENT OF SURPLUS

For the Year Ended 31st December, 1940

BALANCE AS AT 1ST JANUARY, 1940..... \$ 678,594.84

ADD:

Balance of Income (as per Income and Expense Statement).....	585,453.18
	<u>\$1,264,048.02</u>

DEDUCT:

Dividends paid or provided for:

5½% Cumulative Preferred.....	\$227,150.00	
Class A.....	292,260.00	
		<u>519,410.00</u>

BALANCE AS AT 31ST DECEMBER, 1940..... \$ 744,638.02

DIRECTORS

A. F. ADAMS
 R. L. BENSON
 M. A. COLEFAX
 ERNEST E. EVANS
 PERCY W. EVANS
 GORDON FARRELL
 HUNTER L. GARY
 THEODORE S. GARY
 G. L. GRAWOLS

VISCOUNT HINCHINGBROOKE
 MARTIN LINDSAY
 HUGH MACKAY
 J. C. NEWMAN
 SIR ALEXANDER ROGER
 F. S. SPRING
 EMMETT SWANSON
 F. H. WOODS
 F. H. WOODS, JR.

OFFICERS

A. F. ADAMS	- - - - -	<i>Chairman</i>
F. S. SPRING	- - - - -	<i>President</i>
HUNTER L. GARY	- - - - -	<i>Vice-President</i>
GORDON FARRELL	- - - - -	<i>Vice-President</i>
MARTIN LINDSAY	- - - - -	<i>Vice-President</i>
GEOFFREY PURDY	- - - - -	<i>Secretary and Treasurer</i>

